

Department of Administration

Analyst: Milstead

Historical Summary

| OPERATING BUDGET | FY 2003 Total App | FY 2003 Actual | FY 2004 Approp | FY 2005 Request | FY 2005 Gov Rec |
|---------------------------------|------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| BY PROGRAM | | | | | |
| Administrative Rules | 517,700 | 484,600 | 527,300 | 533,400 | 528,900 |
| Director's Office | 1,300,100 | 1,287,600 | 1,302,100 | 1,332,200 | 1,329,300 |
| Info. Tech. & Communication | 3,904,500 | 3,458,300 | 4,017,800 | 4,476,500 | 4,030,700 |
| ITRMC | 727,300 | 444,900 | 664,800 | 752,700 | 748,800 |
| Office of Insurance Management | 1,290,800 | 1,109,200 | 1,346,200 | 1,357,900 | 1,351,900 |
| Public Works | 13,126,300 | 11,291,000 | 9,075,700 | 9,059,700 | 9,637,100 |
| Purchasing | 3,304,900 | 2,687,400 | 3,425,400 | 3,363,000 | 3,339,800 |
| Bond Payment | 0 | 0 | 11,087,600 | 15,973,400 | 15,973,400 |
| Total: | 24,171,600 | 20,763,000 | 31,446,900 | 36,848,800 | 36,939,900 |
| BY FUND CATEGORY | | | | | |
| General | 2,998,700 | 2,699,800 | 8,814,700 | 9,342,000 | 8,887,900 |
| Dedicated | 21,172,900 | 18,050,200 | 22,632,200 | 27,506,800 | 28,052,000 |
| Federal | 0 | 13,000 | 0 | 0 | 0 |
| Total: | 24,171,600 | 20,763,000 | 31,446,900 | 36,848,800 | 36,939,900 |
| Percent Change: | | (14.1%) | 51.5% | 17.2% | 17.5% |
| BY OBJECT OF EXPENDITURE | | | | | |
| Personnel Costs | 9,082,500 | 8,207,500 | 9,155,200 | 9,426,900 | 9,504,800 |
| Operating Expenditures | 11,147,900 | 9,335,200 | 15,274,300 | 18,350,600 | 18,573,000 |
| Capital Outlay | 3,941,200 | 3,104,400 | 7,017,400 | 9,071,300 | 8,862,100 |
| Trustee/Benefit | 0 | 115,900 | 0 | 0 | 0 |
| Total: | 24,171,600 | 20,763,000 | 31,446,900 | 36,848,800 | 36,939,900 |
| Full-Time Positions (FTP) | 173.60 | 173.60 | 173.10 | 173.50 | 173.50 |

Division Description

OFFICE OF ADMINISTRATIVE RULES: Structures, promulgates, and disseminates all administrative rules subject to the Idaho Administrative Procedure Act.

DIRECTOR'S OFFICE: Provides administrative, fiscal, legal, and human resources services to the Department. Administers the Industrial Special Indemnity Fund. The Office also administers the Bond Payment program (created by the 2003 Legislature) which consolidates within a single program funds to pay for capital projects financed with bonds sold by the Idaho State Building Authority.

DIVISION OF INFORMATION TECHNOLOGY & COMMUNICATION: Operates the IDANET, coordinates Internet, electronic mail, telephone, data and video transmission services, and the statewide microwave system.

INFORMATION TECHNOLOGY RESOURCE MANAGEMENT COUNCIL (ITRMC): Facilitates a centralized and coordinated approach to the design, procurement and implementation of the state's information systems.

OFFICE OF INSURANCE MANAGEMENT: Negotiates and administers medical, dental, life and disability insurance programs and the Integrated Behavioral Health Plan for state employees, provides property and casualty insurance services to state government via insurance and self-insurance.

DIVISION OF PUBLIC WORKS: Develops and oversees construction and renovation projects for state buildings, and manages leases for all state-leased office space.

DIVISION OF PURCHASING: Acquires property for all state agencies through the competitive bidding process, provides document management services, assists in the donation of surplus federal property to state and local government and eligible non-profits, and provides mail services to most state agencies.

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Comparative Summary

| Decision Unit | Agency Request | | | Governor's Rec | | |
|---------------------------------------|----------------|------------------|-------------------|----------------|------------------|-------------------|
| | FTP | General | Total | FTP | General | Total |
| FY 2004 Original Appropriation | 173.10 | 8,814,700 | 31,446,900 | 173.10 | 8,814,700 | 31,446,900 |
| Adjustments | 0.40 | 0 | 0 | 0.40 | 0 | 0 |
| FY 2004 Estimated Expenditures | 173.50 | 8,814,700 | 31,446,900 | 173.50 | 8,814,700 | 31,446,900 |
| Removal of One-Time Expenditures | 0.00 | 0 | (492,200) | 0.00 | 0 | (492,200) |
| Transfer Between Programs | 0.00 | 0 | 0 | 0.00 | 0 | 0 |
| FY 2005 Base | 173.50 | 8,814,700 | 30,954,700 | 173.50 | 8,814,700 | 30,954,700 |
| Personnel Cost Rollups | 0.00 | 35,300 | 196,200 | 0.00 | 35,300 | 196,200 |
| General Inflation | 0.00 | 13,800 | 182,400 | 0.00 | 0 | 0 |
| Replacement items | 0.00 | 177,200 | 393,200 | 0.00 | 0 | 216,000 |
| Nonstandard Adjustments | 0.00 | 10,200 | 4,759,600 | 0.00 | 10,200 | 4,759,600 |
| Change in Employee Compensation | 0.00 | 13,600 | 75,500 | 0.00 | 27,700 | 153,400 |
| FY 2005 Program Maintenance | 173.50 | 9,064,800 | 36,561,600 | 173.50 | 8,887,900 | 36,279,900 |
| 1. WAN Reliability | 0.00 | 99,300 | 99,300 | 0.00 | 0 | 0 |
| 2. WAN Security | 0.00 | 158,800 | 158,800 | 0.00 | 0 | 0 |
| 3. WAN Core Operations | 0.00 | 19,100 | 19,100 | 0.00 | 0 | 0 |
| 4. Courthouse Maintenance | 0.00 | 0 | 10,000 | 0.00 | 0 | 10,000 |
| 5. Borah Federal Post Office Bldg. | 0.00 | 0 | 0 | 0.00 | 0 | 650,000 |
| FY 2005 Total | 173.50 | 9,342,000 | 36,848,800 | 173.50 | 8,887,900 | 36,939,900 |
| Change from Original Appropriation | 0.40 | 527,300 | 5,401,900 | 0.40 | 73,200 | 5,493,000 |
| % Change from Original Appropriation | | 6.0% | 17.2% | | 0.8% | 17.5% |

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| Budget by Decision Unit | FTP | General | Dedicated | Federal | Total |
|---------------------------------------|--------|-----------|------------|---------|------------|
| FY 2004 Original Appropriation | 173.10 | 8,814,700 | 22,632,200 | 0 | 31,446,900 |

Adjustments

Director's Office, Bond Payment

DIRECTOR'S OFFICE: This adjusts the FTP count by reducing by 0.40 FTPs the Capital Commission's management assistance support due to a decrease in need. The FTP is transferred back to the Director's Office.

BOND PAYMENTS: Reflects a shift of spending authority for the payment of bond interest from Capital Outlay to Operating Expenditures. The original transfers completed in FY 2004 calculated an insufficient amount for interest and an excess amount for principal.

| | | | | | |
|---------------------------|------|---|---|---|---|
| Agency Request | 0.40 | 0 | 0 | 0 | 0 |
| Governor's Recommendation | 0.40 | 0 | 0 | 0 | 0 |

| | | | | | |
|---------------------------------------|--------|-----------|------------|---|------------|
| FY 2004 Estimated Expenditures | | | | | |
| Agency Request | 173.50 | 8,814,700 | 22,632,200 | 0 | 31,446,900 |
| Governor's Recommendation | 173.50 | 8,814,700 | 22,632,200 | 0 | 31,446,900 |

Removal of One-Time Expenditures

Reflects the removal of one-time items.

| | | | | | |
|---------------------------|------|---|-----------|---|-----------|
| Agency Request | 0.00 | 0 | (492,200) | 0 | (492,200) |
| Governor's Recommendation | 0.00 | 0 | (492,200) | 0 | (492,200) |

Transfer Between Programs

This reflects a transfer of \$75,000 in spending authority back from the Division of Purchasing to the Internal Technical Training Program (ITTP). The original transfer was approved in the FY04 budget to allow for a one-time acquisition of contract administration software applications. It is anticipated that as the state recovers from recent budget shortfalls, training requests will increase and the ITTP program will return to prior levels of participation.

| | | | | | |
|---------------------------|------|---|---|---|---|
| Agency Request | 0.00 | 0 | 0 | 0 | 0 |
| Governor's Recommendation | 0.00 | 0 | 0 | 0 | 0 |

| | | | | | |
|---------------------------|--------|-----------|------------|---|------------|
| FY 2005 Base | | | | | |
| Agency Request | 173.50 | 8,814,700 | 22,140,000 | 0 | 30,954,700 |
| Governor's Recommendation | 173.50 | 8,814,700 | 22,140,000 | 0 | 30,954,700 |

Personnel Cost Rollups

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are: health insurance rates which are projected to increase by 17 percent, from \$5,548 to \$6,493 per employee; and retirement system (PERSI) rates that will increase by over 6% to 10.39 percent of salary.

| | | | | | |
|---------------------------|------|--------|---------|---|---------|
| Agency Request | 0.00 | 35,300 | 160,900 | 0 | 196,200 |
| Governor's Recommendation | 0.00 | 35,300 | 160,900 | 0 | 196,200 |

General Inflation

Includes a general inflation increase of 1.9% in operating expenditures.

| | | | | | |
|----------------|------|--------|---------|---|---------|
| Agency Request | 0.00 | 13,800 | 168,600 | 0 | 182,400 |
|----------------|------|--------|---------|---|---------|

The Governor recommends no increase for general inflation.

| | | | | | |
|---------------------------|------|---|---|---|---|
| Governor's Recommendation | 0.00 | 0 | 0 | 0 | 0 |
|---------------------------|------|---|---|---|---|

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| Budget by Decision Unit | FTP | General | Dedicated | Federal | Total |
|--|------|---------|-----------|---------|---------|
| Replacement items | | | | | |
| This reflects the following replacement items by program: | | | | | |
| DEPARTMENT-WIDE: Replaces backup systems for the Department's Local Area Network (LAN) to assure continuous operation in the event of a failure of a primary system (\$104,400 dedicated fund; \$12,300 General Fund). | | | | | |
| INFORMATION TECHNOLOGY: Replacement of Wide Area Network servers, routers and other WAN systems (OE--\$57,800, CO--\$107,100--all from General Fund); Microwave System--replace two heavy duty laptop computers (\$5,000 each), 2 SUVs (\$38,300 each), two snowmobiles (\$6,500 each), two routers (\$6,000 each). All Microwave System replacement items will be purchased with dedicated funds. | | | | | |
| Agency Request | 0.00 | 177,200 | 216,000 | 0 | 393,200 |
| <i>The Governor recommends dedicated fund spending authority for the following: replacement of redundant systems to the existing LAN to assure continuous operations in the event of a failure of one of the primary systems (\$104,400); replacement of WAN servers and routers, two heavy duty laptop computers, two suburbans, and two snowmobiles (\$111,600).</i> | | | | | |
| Governor's Recommendation | 0.00 | 0 | 216,000 | 0 | 216,000 |

Nonstandard Adjustments

The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services. Attorney General fees are reduced by \$77,400, Controller fees are reduced by \$17,300, and Treasurer fees are reduced by \$100. Also included are changes in property/casualty insurance premiums (reduction of \$62,400). This also reflects an adjustment in the rate charged by the Industrial Commission for services provided to the Industrial Special Indemnity Fund (\$31,000 dedicated funds). Also, includes \$28,000 for an under funded bond obligation from other agencies to the Department of Administration.

The reductions reflected in the Statewide Cost Allocation Plan are offset by adjustments of \$4,857,800 from the Permanent Building Fund for new construction projects. The projects were authorized by HCR 30 which authorized the Department and various educational institutions and agencies to work with the Idaho State Building Authority (ISBA) to issue bonds to finance the construction of facilities whose construction was cancelled during recent budget difficulties.

| | | | | | |
|---------------------------|------|--------|-----------|---|-----------|
| Agency Request | 0.00 | 10,200 | 4,749,400 | 0 | 4,759,600 |
| Governor's Recommendation | 0.00 | 10,200 | 4,749,400 | 0 | 4,759,600 |

Change in Employee Compensation

Reflects the cost of a 1% salary increase for permanent and group positions.

| | | | | | |
|----------------|------|--------|--------|---|--------|
| Agency Request | 0.00 | 13,600 | 61,900 | 0 | 75,500 |
|----------------|------|--------|--------|---|--------|

The Governor recommends a compensation increase of 2% to be distributed based on merit. No adjustment to the pay line is recommended.

| | | | | | |
|---------------------------|------|--------|---------|---|---------|
| Governor's Recommendation | 0.00 | 27,700 | 125,700 | 0 | 153,400 |
|---------------------------|------|--------|---------|---|---------|

| | | | | | |
|------------------------------------|--------|-----------|------------|---|------------|
| FY 2005 Program Maintenance | | | | | |
| Agency Request | 173.50 | 9,064,800 | 27,496,800 | 0 | 36,561,600 |
| Governor's Recommendation | 173.50 | 8,887,900 | 27,392,000 | 0 | 36,279,900 |

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| Budget by Decision Unit | FTP | General | Dedicated | Federal | Total |
|---|---|---------|-----------|---------|---------|
| 1. WAN Reliability | Information Technology & Communications | | | | |
| The Department's Network Services program operates the State of Idaho's Wide Area Network (WAN). This network is the primary communications medium for all State agencies for email, information exchange/transfer and e-government activities. It is also the primary access point for most e-government activities and transactions for the citizens of the State as they interact and do business with State government. | | | | | |
| This is a request for \$99,300 from the General Fund for hardware and software to provide redundant capability to critical systems, to manage network traffic, and to enhance business resumption in the event of a failure. Specific components include: SPAM filtering appliances annual maintenance (\$10,600 ongoing in operating expenditures); Veritas Back-up licensing (\$3,000 one-time operating expenditures, \$1,000 on going operating expenditures); Switch routers to minimize the number of potential failure points on the network (\$2,400 on going operating expenditures; \$21,400 one-time capital outlay); Switch for Capitol Mall fiber optics (\$2,400 on going operating expenditures, \$12,300 one-time capital outlay); Switch/Router for Idanet (\$5,900 on going operating expenditures, \$40,300 one-time capital outlay). | | | | | |
| The current network has several points where a single failure would disrupt services for nearly every state agency. The Department states that the network is not as robust as needed to support access with minimal downtime and provide maximum security and adequate disaster recovery capabilities. This request will allow the Department to meet customer expectations of a safe, secure, and responsive electronic government medium. It will help safeguard against delays caused by high network traffic or by equipment failures. | | | | | |
| Agency Request | 0.00 | 99,300 | 0 | 0 | 99,300 |
| Not recommended by the Governor. | | | | | |
| Governor's Recommendation | 0.00 | 0 | 0 | 0 | 0 |
| 2. WAN Security | Information Technology & Communications | | | | |
| This is a request for \$158,800 (General Fund) to provide a combination of software, hardware and security audit measures that will allow the State to aggressively manage security issues regarding the State's Wide Area Network (WAN). This request will provide software tools and related analytical tools to allow current network personnel to more efficiently manage security breaches, to develop and implement safeguards against those breaches and to better anticipate potential concerns. One-time funding is also requested for a security audit that will highlight the current status of the State's WAN, and will become the benchmark to determine the overall effectiveness of the Security effort. | | | | | |
| This request includes the following security-related items: software for publicly accessible servers (\$9,000 on going operating expenditures); vulnerability assessment scanner (\$15,700 one-time operating expenditures, \$3,100 on going operating expenditures); security/network management firewalls (\$2,600 on going operating expenditures, \$6,900 one-time operating expenditures, \$3,500 one-time capital outlay); firewall log monitoring and analysis tool (\$4,200 one-time operating expenditures, \$21,800 on-going operating expenditures, \$1,800 one-time capital outlay); virtual private network software (\$4,500 one-time operating expenditures, \$1,000 on-going operating expenditures); security audit (\$60,000 one-time operating expenditures); email gateway software (\$3,500 one-time operating expenditures, \$500 on going operating expenditures); secure web mail software (\$18,000 one-time operating expenditures, \$2,700 on going capital outlay). In total the request reflects \$118,100 in one-time costs and \$40,700 in on going costs all from the General Fund. | | | | | |
| The Department believes the State's critical communication systems are vulnerable to attack, breach, and compromise if appropriate security measures are not implemented. Without these measures these systems and the services and data they provide are vulnerable and e-government services may become unavailable for extended periods of time. | | | | | |
| Agency Request | 0.00 | 158,800 | 0 | 0 | 158,800 |
| Not recommended by the Governor. | | | | | |
| Governor's Recommendation | 0.00 | 0 | 0 | 0 | 0 |

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| Budget by Decision Unit | FTP | General | Dedicated | Federal | Total |
|--|--|-----------|------------|---------|------------|
| 3. WAN Core Operations | Information Technology & Communications | | | | |
| This is a request for \$19,100 (General Fund) to provide upgraded support and systems for the state's WAN Core Operations. The Department states that Core Operations supports the state's existing network system and services environment. The request provides funding to acquire hardware and software that will enhance core network operations and will allow the Department to provide, maintain and support the current environment. The Department states it will become increasingly difficult to effectively maintain the state's current communications infrastructure without these tools and systems. | | | | | |
| Specifically, the request includes the following: one new and one redundant server (\$5,600 one-time capital outlay); audio/video server (\$3,900 one-time operating expenditures, \$7,900 one-time capital outlay); back-up system client licensing/maintenance (\$500 one-time operating expenditures, \$200 on going operating expenditures); redundant power supply for core switch (\$1,000 one-time capital outlay). | | | | | |
| The Department states that this request will allow it to more effectively manage the current WAN. The levels of services currently being provided through the WAN have expanded to the point that the capabilities and basic reliability of the Core Operations are being strained, resulting in more staff time required to maintain them. | | | | | |
| Agency Request | 0.00 | 19,100 | 0 | 0 | 19,100 |
| <i>Not recommended by the Governor.</i> | | | | | |
| Governor's Recommendation | 0.00 | 0 | 0 | 0 | 0 |
| 4. Courthouse Maintenance | Public Works | | | | |
| This request is for \$10,000 in dedicated fund spending authority for maintenance of the old Ada County Courthouse. The Department continues to manage the building pending the Legislature's decision on the future of the facility. Minimal maintenance is performed on the building with the primary expenses being 1) heating in winter to prevent freezing of the plumbing and 2) watering the grass during the summer. | | | | | |
| These expenses have been paid by Facilities Services from its existing appropriation. While not a large amount, given the recent budget cuts and holdbacks the additional expense of Courthouse maintenance takes scarce dollars from maintenance on occupied facilities. The Department makes this request to fund the estimated cost of maintaining the basic integrity of the building until the building's future is determined. (NOTE: The dedicated fund to be used for this request is the Administration and Accounting Services fund. The Department of Administration bills for functions like radio, microwave, telephone, postal, building space, parking, purchasing, records management, etc. Receipts for these activities are deposited into this fund and are appropriated to cover costs of providing goods and services). | | | | | |
| Agency Request | 0.00 | 0 | 10,000 | 0 | 10,000 |
| Governor's Recommendation | 0.00 | 0 | 10,000 | 0 | 10,000 |
| 5. Borah Federal Post Office Bldg. | Public Works | | | | |
| Agency Request | 0.00 | 0 | 0 | 0 | 0 |
| <i>This reflects a Governor's initiative. The Governor recommends \$650,000 in dedicated funds for operating expenditures for the Borah Federal Post Office Building. This recommendation only provides the necessary spending authority to cover operating costs. However, this recommendation does not provide the funding to match the recommended appropriation. Those funds will be generated by rents from occupants of the building.</i> | | | | | |
| Governor's Recommendation | 0.00 | 0 | 650,000 | 0 | 650,000 |
| FY 2005 Total | | | | | |
| Agency Request | 173.50 | 9,342,000 | 27,506,800 | 0 | 36,848,800 |
| Governor's Recommendation | 173.50 | 8,887,900 | 28,052,000 | 0 | 36,939,900 |

Department of Administration

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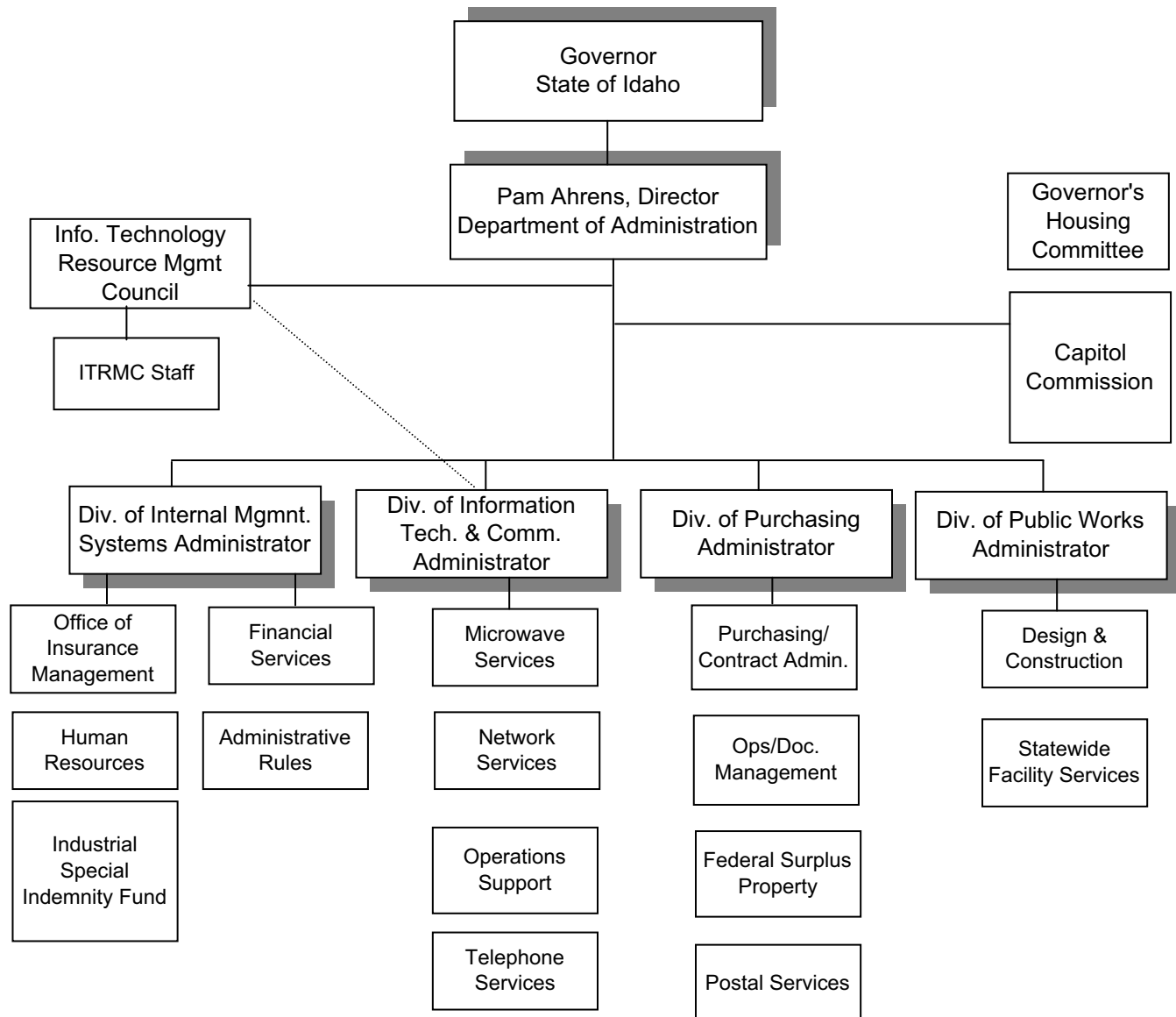
| Budget by Decision Unit | FTP | General | Dedicated | Federal | Total |
|----------------------------------|------|---------|-----------|---------|-----------|
| <i>Agency Request</i> | | | | | |
| Change from Original App | 0.40 | 527,300 | 4,874,600 | 0 | 5,401,900 |
| % Change from Original App | 0.2% | 6.0% | 21.5% | | 17.2% |
| <i>Governor's Recommendation</i> | | | | | |
| Change from Original App | 0.40 | 73,200 | 5,419,800 | 0 | 5,493,000 |
| % Change from Original App | 0.2% | 0.8% | 23.9% | | 17.5% |

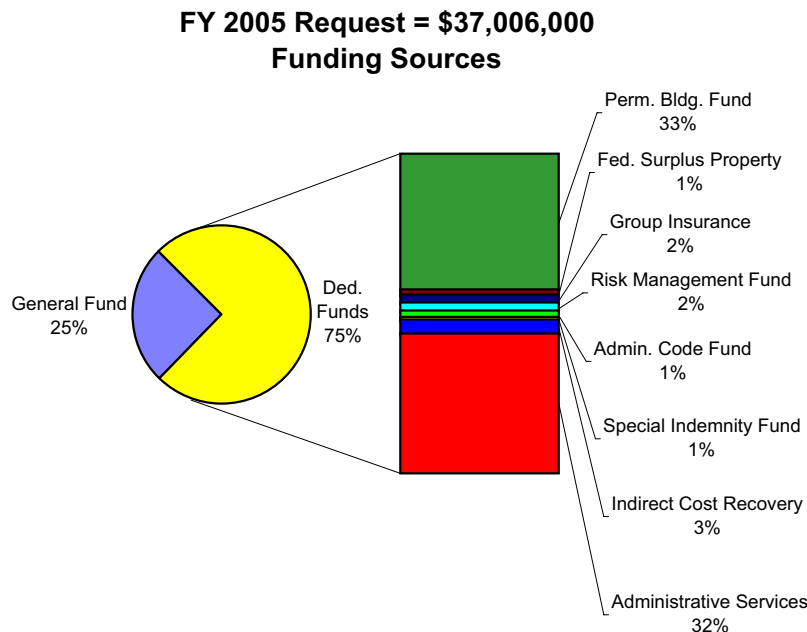
Department of Administration

Issues & Information

Analyst: Milstead

Organizational Chart





DEDICATED FUND SOURCES and USES

Permanent Building Fund

Source: Beer tax, income tax filing tax, lottery earnings, plus a portion of the cigarette and sales tax.

Use: Used to build and maintain structures of Idaho state government.

Federal Surplus Property

Source: Fees charged to public entities that acquire surplus federal property.

Use: Pays for the acquisition, warehousing, and distribution of surplus federal property and office operation costs.

Group Insurance

Source: A monthly per employee payment made by each agency which is combined with monthly premiums paid by employees and retirees.

Use: Provides medical and dental benefits to state employees and their dependents and office operation costs.

Retained Risk Fund

Source: Agencies are billed for their share of property and casualty insurance coverage.

Use: Pays premiums to insurers, uninsured losses, and offers operation costs.

Administrative Code Fund

Source: Fees charged to state agencies that are promulgating administrative rules, agencies that have rules contained in administrative code, and anyone purchasing printed rules.

Use: Pays for all costs associated with the rule-making process.

Industrial Special Indemnity Fund

Source: An annual assessment on workers compensation insurers based on their pro-rata share of the total benefits paid.

Use: Pays benefits to totally and permanently disabled "second injury" claimants and office operation costs.

Indirect Cost Recovery Fund

Source: Charges to other programs within the Department to allocate administrative overhead costs.

Use: Pay salaries, operating costs, and capital equipment for centralized administrative functions.

Administrative Services

Source: The Department of Administration sells products and services to other state agencies. This fund accounts for those transactions and is composed of many fund details.

Use: Pays for Department goods and services sold to other state agencies.